

## Message Text

SECRET

PAGE 01 STATE 304174 TOSEC 250058

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INFO OCT-01 ISO-00 /001 R

666011  
DRAFTED BY:S/S-O:P. JOHNSON  
APPROVED BY:S/S-O:P. JOHNSON  
E:ACARY  
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P 300034Z DEC 75 ZFF4  
FM SECSTATE WASHDC  
TO USDEL SECRETARY PRIORITY

S E C R E T STATE 304174 TOSEC 250058

NODIS  
CHEROKEE

FOLLOWING TEHRAN 12465 SENT ACTION SECSTATE DEC 29 REPEATED  
TO YOU QUOTE

S E C R E T TEHRAN 12465

NODIS/CHEROKEE

FOR UNDER SECRETARY ROBINSON FROM AMBASSADOR

E.O.11652: GDS  
TAGS: ENRG, IR  
SUBJ: BILATERAL OIL AGREEMENT

REF: STATE 303084

FOLLOWING IS A RESPONSE FROM HUSHANG ANSARY TO YOUR MESSAGE  
(REFTEL) WHICH WAS CONVEYED TO HIM DECEMBER 26: QUOTE

1. YOU MENTIONED IN LONDON THAT THIS TRANSACTION WILL REPLACE  
DEFENSE DEPARTMENT'S REGULAR PURCHASES FOR ARMED FORCES' USE,  
ALMOST ALL OF WHICH, YOU HAVE ME TO UNDERSTAND, ARE MADE FROM  
A SOURCE OTHER THAN IRAN. (PARAGRAPH) THIS, YOU SAID, WAS THE  
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REASON WHY YOU DID NOT REQUIRE SPECIAL APPROPRIATIONS AND

WOULD NEED ONLY TO MAKE AN INFORMATIONAL REPORTING TO CONGRESS.

(PARAGRAPH) YOU FELT ALSO THAT THE AGREEMENT MAY UPSET DEFENSE DEPARTMENT'S OTHER SOURCES OF SUPPLY, AND THAT, THEREFORE, THE TRANSACTION HAD TO BE MADE AS ATTRACTIVE AS POSSIBLE IN ORDER TO JUSTIFY THE SWITCH. (PARAGRAPH) IF, AS I NOW UNDERSTAND FROM YOUR MESSAGE, THE DEFENSE DEPARTMENT HAS IN MIND TO CONTINUE ITS REGULAR PROCUREMENT OF OIL AND SIMPLY MAKE OURS AN ADDITIONAL TRANSACTION FOR RESALE PURPOSES, THIS WILL, AMONG OTHER THINGS, VIOLATE OUR REQUIREMENT THAT THE ARRANGEMENT SHOULD NOT IN ANY WAY ERODE OUR USUAL LEVEL OF EXPORTS TO THE U.S. (PARAGRAPH) IF THIS ASSUMPTION IS CORRECT, IT WILL ALSO MEAN THAT THE DEFENSE DEPARTMENT INTENDS TO CONTINUE ITS REGULAR PROCUREMENTS FROM A SOURCE WHICH IS NOT IN NEED OF THE ADDITIONAL REVENUE RATHER THAN FROM IRAN WHICH WILL USE IT TO MEET HER REQUIREMENTS FROM THE U.S.

2. YOU ASK IF A PROPOSAL INCLUDING THE APPROPRIATION FEATURE TO THE CONGRESS IS FEASIBLE FROM OUR VIEWPOINT. AS WE GATHER FROM YOUR MESSAGE THAT THERE ARE STILL QUESTIONS TO BE RESOLVED ON YOUR SIDE REGARDING SOME ASPECTS OF OUR VERBAL AGREEMENT IN LONDON, WE FEEL THAT WE SHOULD DEFER A REPLY TO THIS QUESTION UNTIL WE HAVE RECEIVED YOUR CONFIRMATION TO THE EFFECT THAT, AS YOU FELT IN LONDON, ALL ASPECTS OF THE AGREEMENT ARE IN FACT FEASIBLE ON YOUR SIDE. MEANWHILE, WE WOULD APPRECIATE IF YOU COULD ELABORATE ON THE QUESTION OF THE REQUEST TO THE CONGRESS AND WHAT IN FACT IT ENTAILS.

3. I REGRET TO HAVE TO MENTION THAT FAILURE TO CONCLUDE THIS AGREEMENT, AS INDEED ANY SHORTFALL IN THE OFFTAKE FROM IRAN BY THE CONSORTIUM IN WHICH AMERICAN COMPANIES HAVE A BRP PERCENT SHARE, WILL SO ADVERSELY AFFECT OUR FINANCIAL CAPABILITIES AS TO COMPLETELY SHATTER THE BASIS OF THE \$15 BILLION PROTOCOL (NOW ESTIMATED TO REACH \$25 BILLION) SIGNED IN WASHINGTON ON THE OCCASION OF THE SECOND SESSION OF OUR JOINT MINISTERIAL COMMISSION.  
END QUOTE. HELMS UNQUOTE ROBINSON

SECRET

NNN

## Message Attributes

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